

FedSelect check is the United States, the requirements and procedures for disbursing and certifying activities under 31 U.S.C. 3321, 3527 and 3528 apply to agency accountable officers issuing FedSelect checks.

(b) FedSelect checks shall be drawn by an individual who is duly authorized by the agency, and shall be certified by a certifying officer.

(c) When an agency issues a FedSelect check in payment of a United States obligation, such agency certifies the issuance of the payment contemporaneous to the issuance of the FedSelect check. Therefore, where FedSelect checks are issued through an automated system, certification occurs through the on-line data transfer between the agency issuing a FedSelect check and the FMS.

(d) Agencies shall ensure that there are proper internal controls over the issuance of FedSelect checks, including payment authorization, check issuance, and reconciliations. Payment authorization is the process by which vouchers or invoices are approved for payment by individuals designated to do so by the head of the agency, or their designees. Check issuance is the physical issuance of a FedSelect check in payment of a duly approved voucher or invoice. Reconciliation is the process by which amounts authorized for payment are verified against amounts of checks issued.

§ 247.8 Presentment.

(a) Presentment of FedSelect checks must be made to the payor Reserve Bank. FedSelect checks must be presented through normal banking channels.

(b) FedSelect checks will have a standard period of payability of 90 days.

(c) FedSelect checks shall bear a pre-printed legend, "Void After 90 Days."

(d) When an outstanding FedSelect check reaches its stale-date, a cancellation indicator will be placed against it and its status reflected as cancelled due to stale-dating. A payor Reserve Bank will return unpaid a FedSelect check negotiated to the depository bank more than the number of days stated on the FedSelect check after the date on which the FedSelect

check was issued. A FedSelect check which has reached its stale-date before being negotiated to a depository bank should be marked "void" on the face of the check and sent to the issuing agency or the FMS. The issuance of another FedSelect check or other form of payment, to replace a lost, stolen, or destroyed FedSelect check must be made in accordance with §247.9.

§ 247.9 Notice, non-receipt, theft, loss or destruction; late presentment.

(a) If an agency has notice that a FedSelect check is not received by the payee within a reasonable time after a payment is due, or that a FedSelect check is lost, stolen or destroyed, the agency must request to the FMS that a stop payment order be placed on that item. The notice may be given by telephone or facsimile, but if it is given by telephone, such notice must be confirmed in writing before another payment is issued. The notification must contain sufficient information to identify the account and/or the obligation to which the payment is related. Payment on a FedSelect check is stopped if the notice of non-receipt, loss, theft, or destruction is received from the agency at such time and in such manner as to afford the payor Reserve Bank and the FMS a reasonable opportunity to act on it prior to final payment, as provided by applicable law. Once a stop payment order has been placed against an outstanding FedSelect check, such stop payment order will not be removed.

(b) The agency that issued the FedSelect check will issue another FedSelect check to replace a lost, stolen or destroyed FedSelect check, or other form of payment, at its discretion. Items an agency may require before issuing another FedSelect check include:

(1) Written confirmation that the original FedSelect check was lost, stolen, or destroyed;

(2) Confirmation from the FMS that the original FedSelect check is unpaid;

(3) A determination that recovery of the original FedSelect check is unlikely; and

(4) An indemnification agreement executed by the payee and/or indorsee.

(c) If a payor Reserve Bank returns unpaid a FedSelect check solely as a result of § 247.8(d), the agency that issued the original FedSelect check may issue, at its discretion, another FedSelect check, or other form of payment, to a payee or holder upon surrender of the original FedSelect check and execution of such indemnification agreement as may be required by the agency.

(d) Upon verification of the existence of a forged or unauthorized indorsement on a FedSelect check which has been finally paid, the agency that issued the original FedSelect check may issue, at its discretion, another FedSelect check or other form of payment to the person entitled. Disputes as to any continuing obligations for payment remain between the agency that issued the payment and the payee. Prior to the issuance of another FedSelect check, the payee or indorsee of the original FedSelect check may be required to execute an affidavit asserting that the payee or indorsee was in no way involved in the fraudulent or unauthorized indorsement of the original FedSelect check, in addition to any indemnification agreement required by the agency.

(e) In the case of a FedSelect check payable to the order of two or more persons, the requirements of this section apply to all designated payees.

§ 247.10 Losses and accountability.

(a) Agencies will be accountable for all losses arising out of agency activity related to the issuance of FedSelect checks. Such activities include negligence, fraud perpetrated by an employee or agent of the agency, and fraud perpetrated by a service-provider or vendor receiving a FedSelect check as payment.

(b) If an agency had notice that a FedSelect check was not received by the payee within a reasonable time after a payment is due, or that a FedSelect check is lost, stolen or destroyed, and the agency failed to request to the FMS that a stop payment order be placed on that item pursuant to § 247.9(a), the agency will be accountable for any loss occurring as a result of the failure to request stop payment in a timely fashion.

(c) Losses caused by the fault or negligence of the FMS will be the accountability of the FMS. Such losses include failure to adhere to a request by an agency to place a stop payment order on an item in accordance with § 247.9(a).

(d) The FMS will be accountable for losses caused by third-parties, including losses caused by alteration, counterfeit and forgery of the payee indorsement, unless such losses occur as described in paragraphs (a) and (b) of this section.

§ 247.11 Debt collection.

(a) Agencies are responsible for collection procedures on all improperly paid items arising under the circumstances described in paragraphs (a) and (b) of § 247.10. However, excepting cases of fraud, an agency should write off a debt and refer it to the FMS for collection if it is not resolved within 90 days after the item was paid. When the FMS collects on the debt, the funds will be returned to the agency minus an administrative fee for the collection, in accordance with rules set forth in I TFM 4-3500. Accountability for a debt remains with the agency in accordance with § 247.10.

(b) The FMS is responsible for collection procedures on all improperly paid items arising under the circumstances described in paragraphs (c) and (d) of § 247.10. With all such items, the FMS will make an initial demand for refund of the amount of a check payment to the presenting bank or any other debtor. This demand shall advise the presenting bank or debtor of the amount demanded and the reason for the demand. All delinquent debts will be subject to interest, penalties and administrative fees in accordance with the Federal Claims Collections Standards. Any discrepancies should be brought to the attention of the FMS.

§ 247.12 Funds for losses.

(a) If collection efforts by the FMS for debts arising under paragraphs (c) and (d) of § 247.10 are unsuccessful, sources of funds for the payment of such losses include FMS appropriations, to the extent available, funds collected from reimbursement fees for services provided by the FMS pursuant